

Message Text

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C O R R E C T E D C O P Y - CORRECTING PARA 1 LINES 6 THRU 8

DEPARTMENT PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: STATE SECRETARY POEHL PLEADS FOR END OF
DM REVALUATION AND PREDICTS LIFTING OF US CAPITAL
CONTROLS

1. TODAY'S HANDELSBLATT REPORTS ON AN INSIDE PAGE
ON A WIDE RANGING SPEECH THAT STATE SECRETARY POEHL
YESTERDAY GAVE IN DUESSELDORF. THE HANDELSBLATT
HEADLINES ITS ARTICLE "A CHANGE IN THE TREND OF
INTEREST RATES IS CLOSE AT HAND--POEHL: 'THE
DEVALUATION (OF THE DM) SHOULD STOP--
THE US LIFTS CAPITAL CONTROLS'." ACCORDING TO THE PAPER POEHL
ADVOCATED IN HIS SPEECH THAT THE PROCESS OF A DM
DEVALUATION VS THE DOLLAR SHOULD BE BROUGHT TO A HALT
IN ORDER NOT TO LOSE THE ADVANTAGES OF THE PREVIOUS
REVALUATION. THE PAPER COMMENTS THAT POEHL OBVIOUSLY
WAS PRESENTING AS HIS OPINION WHAT IN FACT WERE
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CONCLUSIONS OF THE LATE SECRET CONFERENCE OF THE

MINISTERS OF FINANCE (AT TOURS). THIS CONFERENCE VERY PROBABLY DECIDED ON THE STABILIZATION OF THE DM/\$ RATE WHICH FROM THE AMERICAN POINT OF VIEW MEANS THAT THE AMERICANS DON'T WANT TO LOSE THE ADVANTAGES OF THEIR DEVALUATION. THE PAPER CONTINUES THAT FROM THIS ONE CAN CONCLUDE THAT THE BUNDESBANK WILL SELL DOLLARS OUT OF ITS MONETARY RESERVES TO STOP THE UPWARD TENDENCY OF THE DOLLAR ON THE EXCHANGE MARKETS.

2. THE PAPER ALSO REPORTS THAT ACCORDING TO POEHL THE US WILL LIFT ITS CAPITAL CONTROLS IN THE COURSE OF THE NEXT FEW DAYS.

3. ACCORDING TO THE PAPER POEHL PLEADED AGAINST COMPETITIVE DEVALUATIONS. HE ALSO MENTIONED THAT THE \$30 BILLION FLOWING TO THE OIL COUNTRIES OF THE NEAR EAST COULD IN THE FUTURE AGAIN CAUSE GREAT UNCERTAINTIES IN THE EXCHANGE MARKETS AND THAT THE WEST WOULD HAVE TO CONSIDER SERIOUSLY OPENING UP LONG-TERM INVESTMENT OPPORTUNITIES TO THE NEAR EASTERN COUNTRIES.

4. CONCERNING INTEREST RATES POEHL IS REPORTED TO HAVE ARGUED THAT A REDUCTION IS URGENTLY REQUIRED IN ORDER TO LESSEN THEIR INFLUENCES AS A COST-PUSH FACTOR AND IN VIEW OF THE WORSENERD EXPECTATION FOR THE GENERAL ECONOMIC SITUATION WHICH NEXT YEAR COULD LEAD TO A COMBINATION OF A STAGNATION OF REAL GROWTH, INCREASED UNEMPLOYMENT, AND HIGH RATES OF INFLATION.

5. DIE WELT CARRIES A SHORTER REPORT OF POEHL'S SPEECH. AS FAR AS WE CAN ASCERTAIN NO PAPER OTHER THAN THE HANDELSBLATT CARRIES HIS REMARKS CONCERNING THE LIFTING OF US CAPITAL CONTROLS.
HILLENBRAND

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